



# CITY OF FRANKLIN

Community Development Department

## Memorandum

**To:** City of Franklin Economic Development Commission  
**From:** Rhoni Oliver, Community Development Department  
**Date:** April 10, 2018  
**Re:** Case C 2018-40: NSK Corporation

### Summary:

1. On October 17<sup>th</sup>, 2016, the Franklin Common Council passed Resolution No. 2016-19, approving a 7-year tax abatement with a 5% economic development fee on personal property for NSK Corporation, located at 3400 Bearing Drive.
2. Actual and estimated benefits, as projected for 2017:

	Estimated on SB-1	Actual in 2017	Difference
Employees Retained	253	245	-8
Salaries	\$11,878,189	\$16,547,085	\$4,668,896
New Employees	1	1	0
Salaries	\$57,200	\$57,200	\$0
Total Employees	254	246	-8
Total Salaries	\$11,935,389	\$16,604,285	\$4,668,896
Average Hourly Salaries	\$22.59	\$32.45	\$9.86
Personal Property Improvements	\$6,625,200	\$4,064,013	-\$2,561,187

3. The company indicated on their original application that \$6,625,200 in equipment would be purchased by May 31<sup>st</sup>, 2017. Personal property improvements were \$2,561,187 less than estimated. In the letter of noncompliance from Amy Miller dated April 2<sup>nd</sup>, 2018, it is stated that NSK hopes to complete the personal property investment in 2018.
4. In 2017 there were 8 employees fewer than estimated, but the total salaries were \$4,668,896 over the estimate. Average hourly salaries were \$9.86 higher than estimated.
5. The completion date approved on their SB-1 Form was May 31, 2017. The personal property tax abatement is scheduled to expire in tax year 2024 payable 2025. Their last year for compliance review will be 2025.

**Staff Recommendation:** Approval



April 2, 2018

City of Franklin  
Attn: Krista Linke  
70 East Monroe Street  
Franklin, IN 46131

Re: 2018 Tax Abatement Compliance Packet for NSK Corporation

Dear Ms. Linke:

Please find enclosed Form CF-1/PP (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatements granted to NSK Corporation in 2010 and 2013, under Franklin Common Council Resolution numbers 13-02 (formerly 10-19), 13-20 and 16-19.

NSK has been successful in making all of the capital investments and creating the full complement of jobs projected under Resolution number 13-02.

Per our supporting documentation, previous conversations, and previous years' compliance packet letters regarding Resolution 13-20, we did not meet our original capital expenditure target of \$20m. We had a substantially smaller investment, some of which was due to business we did not win, and some of which was canceled due to changes in business plans at global headquarters as a result of the lost business and significant currency fluctuations between the US dollar and the Japanese Yen. Our headcount is currently slightly under the estimate on our SB-1 filing, but we would like to draw increased attention to the fact that our salary amount is very close to the original estimates.

In regards to our project for Resolution 16-19, NSK is in process in making all of the capital investments and creating the full complement of jobs projected under Resolution number 16-19. We hope to accomplish this during 2018.

Please contact me at (734) 913-7597 if you have any questions or concerns during your review of the enclosed documents.

Thank you,

A handwritten signature in cursive script that reads "Amy Miller".

Amy Miller  
Tax Manager

NSK CORPORATION

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4200 Goss Road, P.O. Box 134007  
ANN ARBOR, MICHIGAN 48113-4007 U.S.A.  
TELEPHONE: 1-734-913-7500  
FACSIMILE: 1-734-913-7510

**COMPLIANCE WITH STATEMENT OF BENEFITS  
PERSONAL PROPERTY**

State Form 51765 (R4 / 11-16)

Prescribed by the Department of Local Government Finance

**FORM CF-1 / PP****PRIVACY NOTICE**This form contains information  
confidential pursuant to  
IC 6-1.1-35-9 and IC 6-1.1-12.1-5.6.

- INSTRUCTIONS:**
1. Property owners whose Statement of Benefits was approved must file this form with the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
  2. This form must be filed with the Form 103-ERA Schedule of Deduction from Assessed Value between January 1 and May 15 of each year, unless a filing extension under IC 6-1.1-3.7 has been granted. A person who obtains a filing extension must file between January 1 and the extended due date of each year.
  3. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance (CF-1).

SECTION 1 TAXPAYER INFORMATION								
Name of taxpayer <b>NSK Corporation</b>						County <b>Johnson</b>		
Address of taxpayer (number and street, city, state, and ZIP code) <b>P.O. Box 134007, Ann Arbor, MI 48113-4007</b>						DLGF taxing district number		
Name of contact person <b>Amy Miller</b>						Telephone number <b>(734) 913-7597</b>		
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY								
Name of designating body <b>The City of Franklin Common Council</b>				Resolution number <b>16-19</b>		Estimated start date (month, day, year) <b>01/01/2017</b>		
Location of property <b>3400 Bearing Drive, Franklin, IN 46131</b>						Actual start date (month, day, year) <b>05/01/2017</b>		
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. <b>Grinding, machining, assembly, and inspection equipment to produce hub bearings for the automotive passenger market.</b>						Estimated completion date (month, day, year) <b>05/01/2019</b>		
						Actual completion date (month, day, year)		
SECTION 3 EMPLOYEES AND SALARIES								
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL
Current number of employees						254		246
Salaries						11,935,389.00		16,604,284.73
Number of employees retained						12		12
Salaries						411,840.00		411,840.00
Number of additional employees						1		1
Salaries						57,200.00		57,200.00
SECTION 4 COST AND VALUES								
AS ESTIMATED ON SB-1	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	118,418,041.00							
Plus: Values of proposed project	6,625,200.00							
Less: Values of any property being replaced	322,034.00							
Net values upon completion of project	124,721,207.00							
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	118,418,041.00	35,525,412.00						
Plus: Values of proposed project	4,064,013.33	1,219,204.00						
Less: Values of any property being replaced	0.00	0.00						
Net values upon completion of project	122,482,054.00	36,744,616.00						
<b>NOTE:</b> The COST of the property is confidential pursuant to IC 6-1.1-12.1-5.6(c).								
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER								
WASTE CONVERTED AND OTHER BENEFITS						AS ESTIMATED ON SB-1		ACTUAL
Amount of solid waste converted								
Amount of hazardous waste converted								
Other benefits:								
SECTION 6 TAXPAYER CERTIFICATION								
I hereby certify that the representations in this statement are true.								
Signature of authorized representative <i>Amy Miller</i>				Title <b>Tax Manager</b>		Date signed (month, day, year) <b>4/2/18</b>		

**OPTIONAL: FOR USE BY A DESIGNATING BODY WHO ELECTS TO REVIEW THE COMPLIANCE WITH STATEMENT OF BENEFITS (FORM CF-1)  
THAT WAS APPROVED AFTER JUNE 30, 1991.**

**INSTRUCTIONS: (IC 6-1.1-12.1-5.9)**

1. This page does not apply to a Statement of Benefits filed before July 1, 1991; that deduction may not be terminated for a failure to comply with the Statement of Benefits.
2. Within forty-five (45) days after receipt of this form, the designating body may determine whether or not the property owner has substantially complied with the Statement of Benefits.
3. If the property owner is found **NOT** to be in substantial compliance, the designating body shall send the property owner written notice. The notice must include the reasons for the determination and the date, time and place of a hearing to be conducted by the designating body. If a notice is mailed to a property owner, a copy of the written notice will be sent to the County Assessor and the County Auditor.
4. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable effort to substantially comply with the Statement of Benefits and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
5. If the designating body determines that the property owner has **NOT** made reasonable effort to comply, then the designating body shall adopt a resolution terminating the deduction. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the County Auditor; and (3) the County Assessor.

We have reviewed the CF-1 and find that:

- ☐ the property owner **IS** in substantial compliance
- ☐ the property owner **IS NOT** in substantial compliance
- ☐ other (specify) \_\_\_\_\_

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

If the property owner is found not to be in substantial compliance, the property owner shall receive the opportunity for a hearing. The following date and time has been set aside for the purpose of considering compliance.

Time of hearing

- ☐ AM  
☐ PM

Date of hearing (month, day, year)

Location of hearing

**HEARING RESULTS (to be completed after the hearing)**

- ☐ Approved ☐ Denied (see instruction 5 above)

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

**APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]**

A property owner whose deduction is denied by the designating body may appeal the designating body's decision by filing a complaint in the office of the clerk of Circuit or Superior Court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner.

**Resolution 16-19 Asset Listing**  
**As of 1/1/18**

Dept	Asset No	System No	Class	Resolution #	Asset Classification	Description	Acq Value
22CIA	223C11SA130H	19265 08		16-19	Mach & Equip	A Ring Super Finish 1SA-130H FRH0852	306,126.07
22CIA	223CI9FB83BWH-E	19251 08		16-19	Mach & Equip	B1 Supply Wash & ECT Mach BF-832BWH-E	81,593.26
22CIA	223CIWZ830H3E	19269 08		16-19	Mach & Equip	B2 Rough Wash WZ-830H3E	71,094.95
22CIA	223C1SBS521	19264 08		16-19	Mach & Equip	B2 Super Finish SBS-521 FRH0855	190,066.64
22CIA	223C1HBLT12664	19250 08		16-19	Mach & Equip	Bolt Press Machine AZ-833B-E	141,693.81
22CIA	223CINBV510A	19268 08		16-19	Mach & Equip	Broaching Machine NBV-5-10A	304,423.53
22CIA	223CIDIRECTCON	19249 08		16-19	Mach & Equip	Direct Conveyor	15,839.80
22CIA	223C11GA731H	19263 08		16-19	Mach & Equip	Grinding Machine 1GA-731H	243,524.18
22CIA	223CIAAA830H2	19254 08		16-19	Mach & Equip	HUB 3 Assembly Machine AA-830H3	199,262.35
22CIA	223CIAAB830H3	19255 08		16-19	Mach & Equip	HUB 3 Ball Filling Machine AB-830H3	140,015.28
22CIA	223CIAES831H3	19258 08		16-19	Mach & Equip	HUB 3 Encoder Seal Press AES-831BK-H-E	144,434.47
22CIA	223CIMF834BKHE	19259 08		16-19	Mach & Equip	HUB 3 Flange and OD Runout Check MF-834BK-H-E	137,403.55
22CIA	223CIAM830H3	19252 08		16-19	Mach & Equip	HUB 3 Matching Machine AM-830H3	157,399.17
22CIA	223CIAMP832H3	19257 08		16-19	Mach & Equip	HUB 3 Rigidity Check Machine MP-832H3	109,225.21
22CIA	223CIAR833BWHE	19261 08		16-19	Mach & Equip	HUB 3 Rust Prevention and Visual Inspection AR-833BWH-E	83,202.92
22CIA	223CJMM831H3E	19260 08		16-19	Mach & Equip	HUB 3 Swaging machine APS-831H3	77,398.09
22CIA	223CIAAF5831	19253 08		16-19	Mach & Equip	HUB 3 Vibration Check MA-830H3	515,449.62
22CIA	223CIAMA830H3	19256 08		16-19	Mach & Equip	L3 Material Handling TOLB-12679	141,241.38
22CIA	223CIATCLB12679	19274 08		16-19	Mach & Equip	Line Monitor Hub 3- QNN-003FR	74,364.54
22CIA	223CIQNN003FR	19262 08		16-19	Mach & Equip	Outer Ring Buffer Conveyor A-BUF-CV	5,142.61
22CIA	223CIABUFCV	19273 08		16-19	Mach & Equip	Outer Ring Grinding 1GA-131H FRH0851	31,208.61
22CIA	223C11GA131H	19267 08		16-19	Mach & Equip	Outer Wing washing Equipment WWHA-831H3	270,280.81
22CIA	223CIWWA831H3	19271 08		16-19	Mach & Equip	Overhead Conveyor HBB-831H3	100,368.25
22CIA	223CIHB8831H3	19272 08		16-19	Mach & Equip	Spindle Raceway Grinding Machine 1GB-734H	148,966.22
22CIA	223C11GB734H	19266 08		16-19	Mach & Equip	Spindle Washing Equip WWVB-2831HS	265,680.22
22CIA	223C1WWVB2831HS	19270 08		16-19	Mach & Equip		108,607.79
							4,064,013.33

NSK Corporation  
 Investment Timetable  
 Resolution 16-19

3/31/2018	Buildings/ Improvements	Equipment Pool 2	Total
1st Quarter		-	-
2nd Quarter		4,064,013.33	4,064,013.33
3rd Quarter		-	-
4th Quarter		-	-
3/31/2019			
1st Quarter		1,000,000.00	1,000,000.00
2nd Quarter		511,186.67	511,186.67
3rd Quarter		500,000.00	500,000.00
4th Quarter		550,000.00	550,000.00

Total	-	6,625,200.00	6,625,200.00
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NSK Corporation  
Company Headcount Timetable  
Resolution 16-19

	Engineer (new)	Machine Operators (retained)
2018 Q1	1	-
2018 Q2	-	4
2018 Q3	-	8
2018 Q4	-	-
2019 Q1	-	-
2019 Q2	-	-
2019 Q3	-	-
2019 Q4	-	-
Total	1	12



# STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51784 (R 1-05)

Prescribed by the Department of Local Government Finance

EXHIBIT B

FORM SB-1 / PP

## PRIVACY NOTICE

The cost and any specific individual's salary information is confidential; the balance of the filing is public record per IC 6-1.1-12.1-5.1 (c) and (d).

### INSTRUCTIONS:

- This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body BEFORE a person installs the new manufacturing equipment and/or research and development equipment, and/or logistical distribution equipment and/or information technology equipment for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
- Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to installation of the new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment, BEFORE a deduction may be approved.
- To obtain a deduction, a person must file a certified deduction schedule with the person's personal property return on a certified deduction schedule (Form 103-ERA) with the township assessor of the township where the property is situated. The 103-ERA must be filed between March 1 and May 15 of the assessment year in which new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment is installed and fully functional, unless a filing extension has been obtained. A person who obtains a filing extension must file the form between March 1 and the extended due date of that year.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must submit Form CF-1 / PP annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
- The schedules established under IC 6-1.1-12.1-4.5(d) and (e) apply to equipment installed after March 1, 2001. For equipment installed prior to March 2, 2001, the schedules and statutes in effect at the time shall continue to apply. (IC 6-1.1-12.1-4.5(f) and (g))

SECTION 1 TAXPAYER INFORMATION											
Name of taxpayer NSK Corporation											
Address of taxpayer (number and street, city, state, and ZIP code) P.O. Box 134007, Ann Arbor, MI 48113											
Name of contact person Rachel Allen, CPA						Telephone number (734) 913-7588					
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT											
Name of designating body City of Franklin Common Council						Resolution number (s)					
Location of property 3400 Bearing Drive, Franklin, IN 46131					County Johnson	DLGF taxing district number					
Description of manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment. (use additional sheets if necessary)  Grinding, machining, assembly, and inspection equipment to produce hub bearings for the automotive passenger car market.						ESTIMATED					
						START DATE		COMPLETION DATE			
						Manufacturing Equipment		1/1/2017		6/31/2017	
						R & D Equipment					
						Logist Dist Equipment					
IT Equipment											
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT											
Current number 254	Salaries \$11,935,389.00		Number retained 12	Salaries \$411,840.00		Number additional 1	Salaries \$57,200.00				
SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT											
NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the COST of the property is confidential.		MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT			
		COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE		
Current values		\$118,418,041.00									
Plus estimated values of proposed project		\$6,825,200.00									
Less values of any property being replaced		-\$322,034.00									
Net estimated values upon completion of project		\$124,721,207.00									
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER											
Estimated solid waste converted (pounds) 0.00					Estimated hazardous waste converted (pounds) 0.00						
Other benefits:											
SECTION 6 TAXPAYER CERTIFICATION											
I hereby certify that the representations in this statement are true.											
Signature of authorized representative 						Title Plant Manager		Date signed (month, day, year) 9-26-2016			



# FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this economic revitalization area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1-2.5, provides for the following limitations as authorized under IC 6-1.1-12.1-2.

A. The designated area has been limited to a period of time not to exceed \_\_\_\_\_ calendar years \* (see below). The date this designation expires is \_\_\_\_\_.

B. The type of deduction that is allowed in the designated area is limited to:

- |  |   |
|--|---|
| 1. Installation of new manufacturing equipment;            | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. Installation of new research and development equipment; | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 3. Installation of new logistical distribution equipment.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 4. Installation of new information technology equipment;   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

C. The amount of deduction applicable to new manufacturing equipment is limited to \$ 1,625,000 cost with an assessed value of \$ \_\_\_\_\_.

D. The amount of deduction applicable to new research and development equipment is limited to \$ \_\_\_\_\_ cost with an assessed value of \$ \_\_\_\_\_.

E. The amount of deduction applicable to new logistical distribution equipment is limited to \$ \_\_\_\_\_ cost with an assessed value of \$ \_\_\_\_\_.

F. The amount of deduction applicable to new information technology equipment is limited to \$ \_\_\_\_\_ cost with an assessed value of \$ \_\_\_\_\_.

G. Other limitations or conditions (specify) \_\_\_\_\_

H. The deduction for new manufacturing equipment and/or new research and development equipment and/or new logistical distribution equipment and/or new information technology equipment installed and first claimed eligible for deduction on or after July 1, 2000, is allowed for:

- |                                     |   |
|-------------------------------------|---|
| <input type="checkbox"/> 1 year     | <input type="checkbox"/> 6 years            |
| <input type="checkbox"/> 2 years    | <input checked="" type="checkbox"/> 7 years |
| <input type="checkbox"/> 3 years    | <input type="checkbox"/> 8 years            |
| <input type="checkbox"/> 4 years    | <input type="checkbox"/> 9 years            |
| <input type="checkbox"/> 5 years ** | <input type="checkbox"/> 10 years **        |

\*\* For ERA's established prior to July 1, 2000, only a 5 or 10 year schedule may be deducted.

Also we have reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved: (signature and title of authorized member)	Steve Barnett Council Pres.	Telephone number	317-736-3602	Date signed (month, day, year)	10-17-16
Attested by:	Krista Linke Director Comm. Dev.	Designated body	City Common Council		

\* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.1-12.1-4.5